

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 PRS-01 NEAE-00 SSO-00

INRE-00 NSCE-00 SS-15 PM-04 ACDA-07 CIAE-00 INR-07

L-03 NSAE-00 NSC-05 EB-07 NRC-05 OES-06 FEAE-00

DODE-00 PA-01 USIE-00 MC-02 COME-00 TRSE-00 ARA-06

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O R 071631Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0239

INFO AMEMBASSY CAIRO

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN IMMEDIATE

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

ERDA GERMANTOWN

ERDA WASHDC

NRC BETHESDA

C O N F I D E N T I A L SECTION 01 OF 02 BONN 11423

E.O. 11652: N/A

TAGS: TECH, PARM, GW, IR

SUBJ: FRG NUCLEAR TECHNOLOGY SALE TO IRAN

REF: (A) BONN 8582; (B) BONN 9191 (C) BONN 10975;
(D) STATE 167245

1. SUMMARY: A GERMAN-IRANIAN AGREEMENT ON COOPERATION IN THE PEACEFUL USE OF NUCLEAR ENERGY WAS SIGNED IN TEHRAN ON JULY 3. THIS AGREEMENT MADE POSSIBLE THE SALE OF TWO 1300 MEGAWATT REACTORS BY KRAFTWERK UNION (KWU) TO IRAN AND FURTHER BINATIONAL COOPERATION IN THE FIELD OF NUCLEAR RESEARCH AND DEVELOPMENT. END
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SUMMARY.

2. PUBLIC DETAILS ON THE AGREEMENT AND THE SUBSEQUENT SALE ARE GIVEN IN THE OFFICIAL PRESS RELEASE OF THE MINISTRY FOR RESEARCH AND TECHNOLOGY (BMFT), A NEWSPAPER ARTICLE IN "DIE WELT" AND DETAILED FRONT PAGE COVERAGE IN "DIE FRANKFURTER RUNDSCHAU"(FR). A SUMMARY FROM THESE THREE SOURCES FOLLOWS.

3. THE AGREEMENT:

THE SIGNATURE OF THE AGREEMENT CONCLUDES TALKS THAT HAVE BEEN GOING ON SINCE THE IRANIAN ATOMIC ENERGY COMMISSION (IAEC) SIGNED LETTERS OF INTENT TO BUY TWO NUCLEAR POWER REACTORS FROM KWU ON NOV. 18, 1974. FR NOTES THAT THE FRG INTERRUPTED THE NEGOTIATIONS WITH IRAN IN EARLY 1975 BECAUSE THE "LONDON SECRET TALKS" HAD ATTEMPTED TO OBTAIN AGREEMENT ON SAFEGUARDS EXCEEDING THOSE OF THE NPT. ALTHOUGH IRAN IS A SIGNATORY TO THE NPT, THE FRG-IRAN AGREEMENT CALLS FOR IAEA CONTROL OF ALL FISSIONABLE MATERIAL DELIVERED BY THE FRG OR ACQUIRED THROUGH THE COOPERATION REGARDLESS OF THE "THEORETICALLY POSSIBLE" ABROGATION OF THE NPT BY IRAN. CONTROLS OVER THE RE-EXPORT OF NUCLEAR MATERIAL, ALSO WITHOUT TIME LIMIT, PROVIDE THAT THE EXPORT OF SPENT NUCLEAR FUEL TO THIRD NATIONS FOR REPROCESSING WILL REQUIRE THE APPROVAL OF THE FRG GOVERNMENT WHICH, FOR EXAMPLE, COULD PREVENT THE EXPORT TO ANY OF THE 19 COMMUNIST NATIONS LISTED IN AGREEMENT ANNEX. AGREEMENT ALSO ASKS FOR ADEQUATE PHYSICAL SECURITY MEASURES IN THE OPERATION OF THE PLANTS AND THE HANDLING OF THE FISSIONABLE MATERIAL. THE AGREEMENT PROVIDES FOR ASSISTANCE BY THE GERMAN NUCLEAR RESEARCH CENTER AT KARLSRUHE (GFK) IN THE TRAINING OF NUCLEAR SCIENTISTS AND ENGINEERS AS WELL AS IN THE ESTABLISHMENT OF AN IRANIAN INSTITUTE FOR ISOTOPE AND RADIATION RESEARCH.

4. THE SALE:

THE CONTRACT BETWEEN KWU AND THE IAEC COVERS TWO 1300 MEGAWATT PWR REACTORS OF THE BIBLIS TYPE - WORTH DM 4 BILLION EACH - AS WELL AS THE NECESSARY ENRICHED

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URANIUM - WORTH DM 3 BILLION. THE FR REPORTS THAT THE ENRICHMENT OF THE NATURAL URANIUM, WHICH HAS NOT BEEN PURCHASED YET, WILL BE PERFORMED IN USSR FACILITIES. THIS COOPERATION IS NOT SURPRISING BECAUSE -- AS DIE WELT REPORTS -- GERMAN AND SOVIET FIRMS HAVE JOINTLY BEEN WORKING AT THE IRANIAN REACTOR SITE AT BANDAR BUSHER. ALTHOUGH THE PROSPECTS OF AN EXPANSION OF GERMAN-IRANIAN NUCLEAR COOPERATION SEEM

BRIGHT BECAUSE THE IRANIAN ATOMIC ENERGY PROGRAM
CALLS FOR 22,000 MEGAWATT NUCLEAR ENERGY CAPACITY BY
1990, GERMAN OFFICIALS NOTE THAT IRAN IS ENGAGED IN
NEGOTIATIONS WITH OTHER INDUSTRIAL NATIONS TO AVOID
A ONE-SIDED DEPENDENCE.

5. ENRICHMENT AND REPROCESSING FACILITIES:
THE BMFT PRESS STATEMENT QUOTES STATE SECRETARY
HAUNSCHILD AS SAYING THAT THE DELIVERY OF FACILITIES
FOR THE ENRICHMENT OF NATURAL URANIUM AND THE REPROCES-
SING OF SPENT NUCLEAR FUEL IS NOT OF PRESSING IMPORT-
ANCE. IRAN HAS ASSURED ITS SUPPLY OF ENRICHED

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 11423

URANIUM BY ITS 20 PERCENT PARTNERSHIP IN THE EURODIF ENRICHMENT PLANT NOW UNDER CONSTRUCTION IN FRANCE. A BOTTLENECK IN THE MANAGEMENT OF THE SPENT FUEL IS IN SIGHT ONLY AFTER 1990. SHOULD REPROCESSING IN IRAN BECOME "ECONOMICALLY NECESSARY," THIS QUESTION MUST BE EXAMINED IN ACCORDANCE WITH THE INTERNATIONAL CONSENSUS EXISTING AT THAT TIME. IF, BY THAT TIME, NO INTERNATIONAL NUCLEAR REPROCESSING CENTER HAS BEEN ESTABLISHED, IT IS THOUGHT MOST PROBABLE THAT THOSE COUNTRIES WHICH DELIVERED NUCLEAR REACTORS TO IRAN WOULD JOINTLY INSTALL A REPROCESSING PLANT AND FINAL
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WASTE DISPOSAL FACILITIES IN IRAN. THE FR REMARKS THAT THE FRG GOVERNMENT IS ATTEMPTING TO PREVENT THE DISTORTION IN THE INTERNATIONAL COMPETITION FOR THE EXPORT OF NUCLEAR POWER PLANTS THAT RESULTS WHEN THE SUPPLIER STATE OFFERS TO REPROCESS SPENT FUEL AND TO RETAIN THE RADIOACTIVE WASTE. THIS IS THE CASE FOR THE US PROPOSAL TO EGYPT. THE FRENCH ARE SUPPOSED TO BE NEGOTIATING A SIMILAR DEAL WITH LIBYA.

6. EMBASSY COMMENT:

A. ALL RECENT PUBLISHED REPORTS ABOUT THIS GERMAN NUCLEAR SALE TO IRAN SUGGEST THAT IT IS THE CURRENT POLICY OF THE FRG TO ATTEMPT TO MINIMIZE PUBLIC DISCUSSION OF DELICATE QUESTIONS ABOUT THE TRANSFER OF SENSITIVE NUCLEAR TECHNOLOGIES AND TO HINT THAT THESE PROBLEMS MUST BE SOLVED LATER ON AN INTERNATIONAL BASIS. THESE PUBLIC REPORTS ALSO HIGHLIGHT THE BILATERAL SAFEGUARDS MEASURES REQUIRED BY THE FRG.

B. BOTH THE MINISTER FOR RESEARCH AND TECHNOLOGY AND KWU REPS STATE THAT THIS SALE WILL SAVE 12,000 JOBS FOR SIX YEARS. THIS TENDS TO SUPPORT KWU'S OWN ALLEGATIONS THAT IT DESPERATELY NEEDS NUCLEAR EXPORT SALES TO GET OUT OF THE RED DESPITE A BACKLOG OF DM 30 MILLION IN ORDERS FOR NUCLEAR POWER PLANTS. KWU CLAIMS THAT CONSTRUCTION OF THESE PLANTS IS DELAYED BY DOMESTIC LICENSING DIFFICULTIES.

C. WE HAVE NOT RPT NOT YET SEEN ANY PUBLIC COMMENT ABOUT US VIEWS ON THIS FRG-IRAN AGREEMENT. ONE NEWSPAPER COMMENTS THAT "INFORMED CIRCLES" DO NOT RPT NOT EXPECT AS MUCH CRITICISM AS THAT RECEIVED FOR THE FRG-BRAZIL DEAL BECAUSE IRAN IS A PARTY TO THE

NPT AND BECAUSE ONLY NUCLEAR POWER PLANTS -- NOT
THE FULL FUEL CYCLE -- ARE BEING SUPPLIED.
HILLENBRAND

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